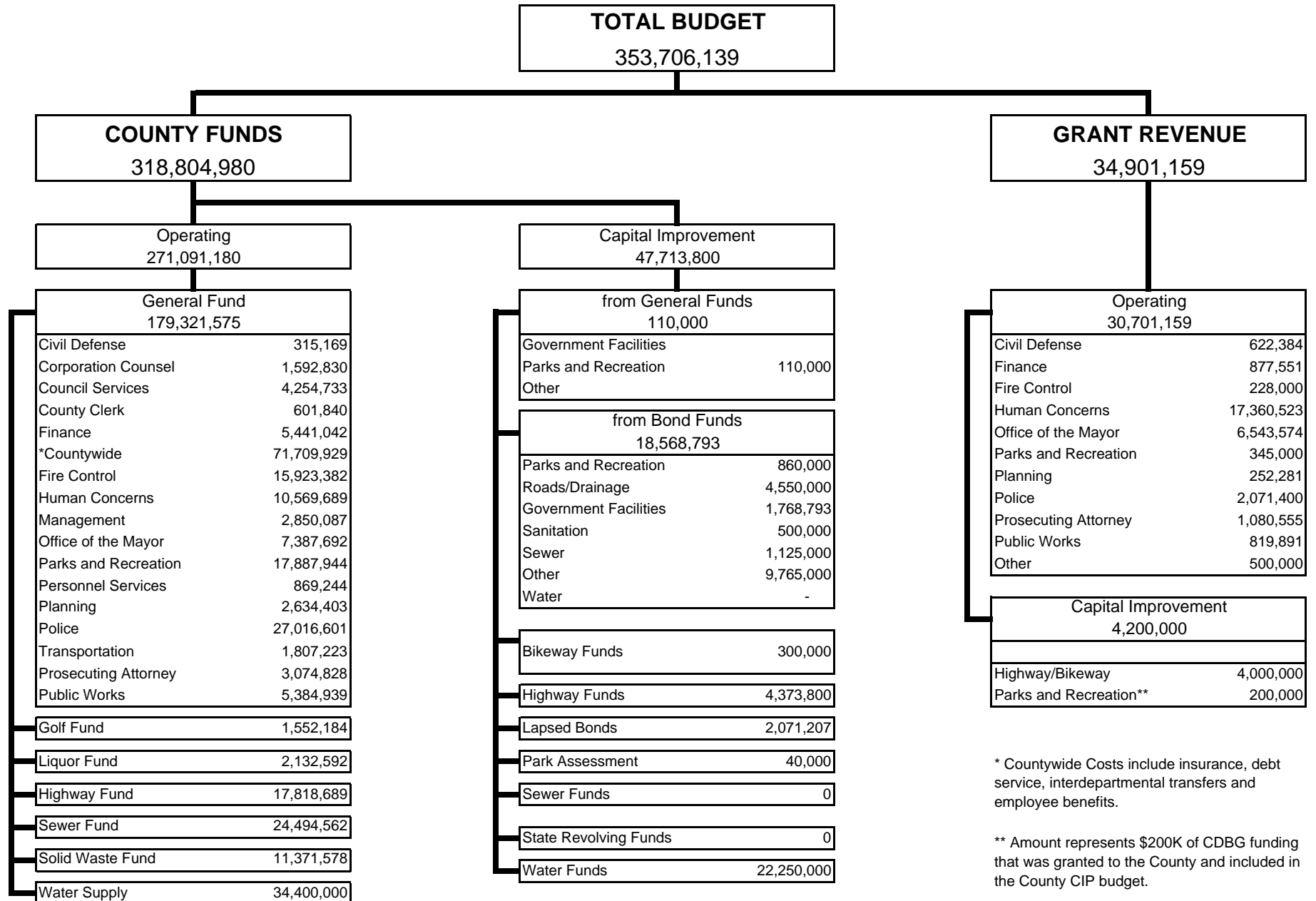


FY 2004 Budget Organization



* Countywide Costs include insurance, debt service, interdepartmental transfers and employee benefits.

** Amount represents \$200K of CDBG funding that was granted to the County and included in the County CIP budget.

Revenue and Expenditure Summary - FY 2004 County Funds

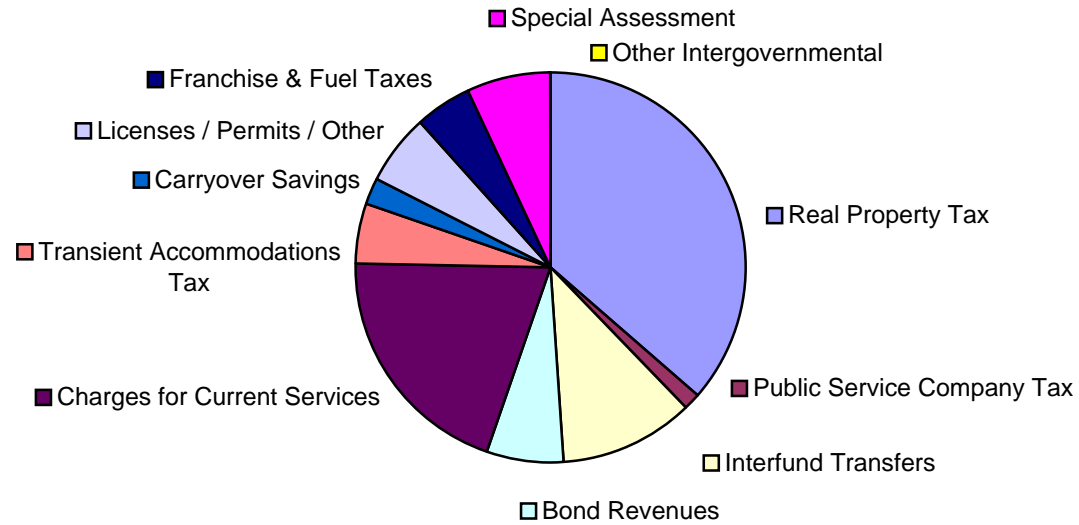
	FY 2003 Budget	FY 2003 Estimate	FY 2004 Budget
<u>Revenues</u>			
Real Property Tax	\$ 104,916,146	\$ 105,454,000	\$ 116,345,696
Public Service Company Tax	4,600,000	4,573,017	4,000,000
Interfund Transfers	33,240,618	31,676,179	35,127,170
Bond Revenues	25,165,000	25,165,000	20,590,000
Charges for Current Services	30,515,000	28,933,000	63,752,987
Transient Accommodations Tax	17,750,000	16,256,000	16,000,000
Carryover Savings	14,809,766	13,560,583	7,538,586
Licenses / Permits / Other	15,792,049	15,821,000	18,376,197
Franchise & Fuel Taxes	12,970,000	12,850,000	15,124,344
Special Assessment	1,677,255	1,677,255	21,860,000
Other Intergovernmental	7,450,000	7,430,360	90,000
Total Revenues	\$ 268,885,834	\$ 263,396,394	\$ 318,804,980
<u>Expenditures</u>			
Capital Improvement Projects	\$ 44,665,000	\$ 44,665,000	\$ 47,713,800
Public Safety	46,743,015	42,536,144	46,329,980
Solid Waste and Wastewater	34,299,119	34,299,119	35,866,140
Finance / Countywide / Personnel / Legal	13,914,175	13,218,466	16,930,739
Employee Benefits	24,334,485	23,361,106	30,410,193
Bond Issuance/Debt Service	30,853,307	28,872,932	32,272,113
Parks and Recreation	19,171,922	18,127,406	19,440,128
Highways	14,606,661	15,629,127	14,818,689
Social Concerns	16,187,360	15,481,134	12,702,281
Management	11,537,292	11,306,546	10,237,779
Planning / Community Development	8,059,965	7,737,566	8,019,342
Legislative	4,513,533	4,423,262	4,856,573
Transportation			4,807,223
Water			34,400,000
Total Expenditures	\$ 268,885,834	\$ 259,657,808	\$ 318,804,980
		3,738,586	
Add: Dept. of Water Supply c/o savings to FY 2004		3,800,000	
Carryover Savings		7,538,586	

See Staffing, page 2-10, for departments within each expenditure category.

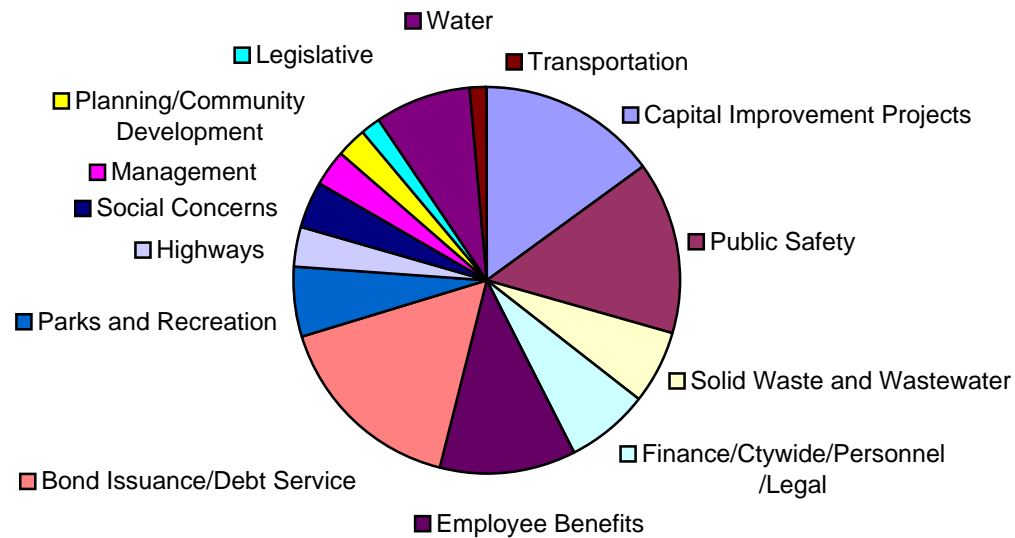
FY 03 estimate amount is an estimate of actual cost at the end of the fiscal year, June 30, 2003.

Revenue and Expenditure Summary - FY 2004 County Funds

REVENUES

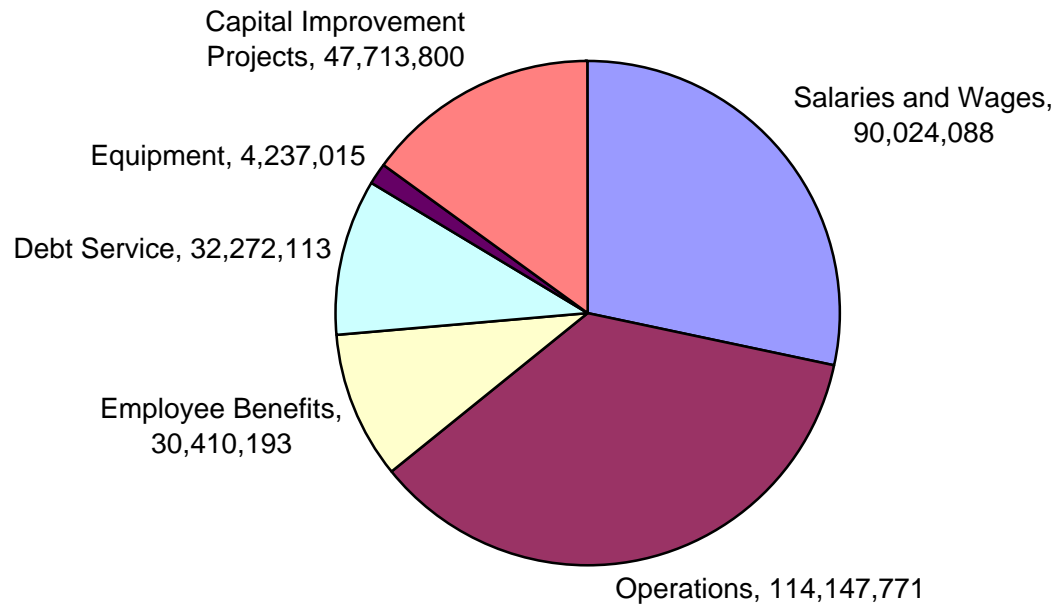


EXPENDITURES



FY 2004 Revenue and Expenditure Summary by Fund

	General Fund	Highway / Bikeway Fund	Sewer Fund	Solid Waste Fund	Golf Fund	Liquor Fund	Water Supply Fund	Total Budget
<u>Revenues</u>								
Real Property Tax	\$ 116,345,696	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	116,345,696
Public Service Company Tax	4,000,000	0	0	0	0	0	0	4,000,000
Interfund Transfers	31,743,592	545,000	0	2,508,578	0	0	330,000	35,127,170
Bond Revenues	12,515,000	4,550,000	1,125,000	2,400,000	0	0	0	20,590,000
Charges for Current Services	801,000	0	22,735,987	8,308,000	873,000	0	31,035,000	63,752,987
Transient Accommodations Tax	16,000,000	0	0	0	0	0	0	16,000,000
Carryover Savings	1,703,287	0	608,575	595,000	289,000	542,724	3,800,000	7,538,586
Licenses / Permits / Other	9,058,000	6,523,145	0	0	390,184	1,589,868	815,000	18,376,197
Franchise & Fuel Taxes	0	15,124,344	0	0	0	0	0	15,124,344
Special Assessment	40,000	0	1,150,000	0	0	0	20,670,000	21,860,000
Other Intergovernmental	90,000	0	0	0	0	0	0	90,000
Total Revenues	\$ 192,296,575	\$ 26,742,489	\$ 25,619,562	\$ 13,811,578	\$ 1,552,184	\$ 2,132,592	\$ 56,650,000	\$ 318,804,980
<u>Expenditures</u>								
Capital Improvement Projects	\$ 12,715,000	\$ 9,223,800	\$ 1,125,000	\$ 2,400,000	\$ 0	\$ 0	\$ 22,250,000	\$ 47,713,800
Public Safety	46,329,980	0	0	0	0	0	0	46,329,980
Solid Waste and Wastewater	0	0	12,304,785	7,202,895	0	0	0	19,507,680
Finance/Ctywide/Personnel/Legal	16,930,739	1,260,025	1,290,845	948,203	155,527	718,660	249,158	21,553,157
Employee Benefits	30,410,193	1,528,726	1,271,712	770,445	185,394	0	2,327,318	36,493,788
Bond Issuance/Debt Service	32,272,113	1,391,152	9,627,220	2,450,035	96,717	0	6,279,655	52,116,892
Parks and Recreation	17,887,944	0	0	0	1,114,546	0	0	19,002,490
Highways	0	10,638,786	0	0	0	0	0	10,638,786
Social Concerns	10,569,689	0	0	0	0	1,413,932	0	11,983,621
Management	10,237,779	0	0	0	0	0	0	10,237,779
Planning/Community Development	8,019,342	0	0	0	0	0	0	8,019,342
Legislative	4,856,573	0	0	0	0	0	0	4,856,573
Water		0	0	0	0	0	25,543,869	25,543,869
Transportation	1,807,223	3,000,000	0	0	0	0	0	4,807,223
Total Expenditures	\$ 192,036,575	\$ 27,042,489	\$ 25,619,562	\$ 13,771,578	\$ 1,552,184	\$ 2,132,592	\$ 56,650,000	\$ 318,804,980

Expenditure by Category - FY 2004 County Funds

Salaries and Wages	\$	90,024,088
Operations		114,147,771
Employee Benefits		30,410,193
Debt Service		32,272,113
Equipment		4,237,015
Capital Improvement Projects		47,713,800
TOTAL	\$	318,804,980

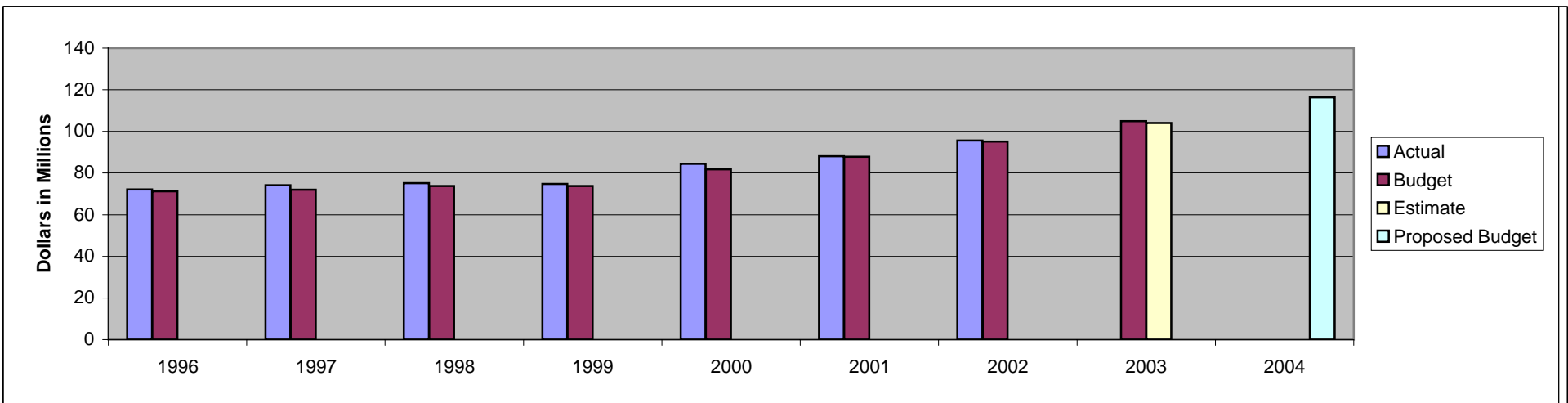
Operations include grants, materials and supplies, contracted services and other miscellaneous costs as well as insurance and interdepartmental transfers.

Revenue Analysis - FY 2004 County Funds

The County of Maui's five largest sources of revenue are detailed in the charts below. The charts show actual and budgeted revenue for FY 1996 to 2002. Budgeted revenue and mid-year revised estimate as of 12/31/02 are shown for FY 2003. Estimated revenue for the proposed budget is shown for FY 2004.

In addition to these major revenue sources, the County also receives revenue from other sources. A summary of total estimated FY 2004 County revenue and expense is presented on pages 2-2 and 2-3

Real Property Tax (General Fund):



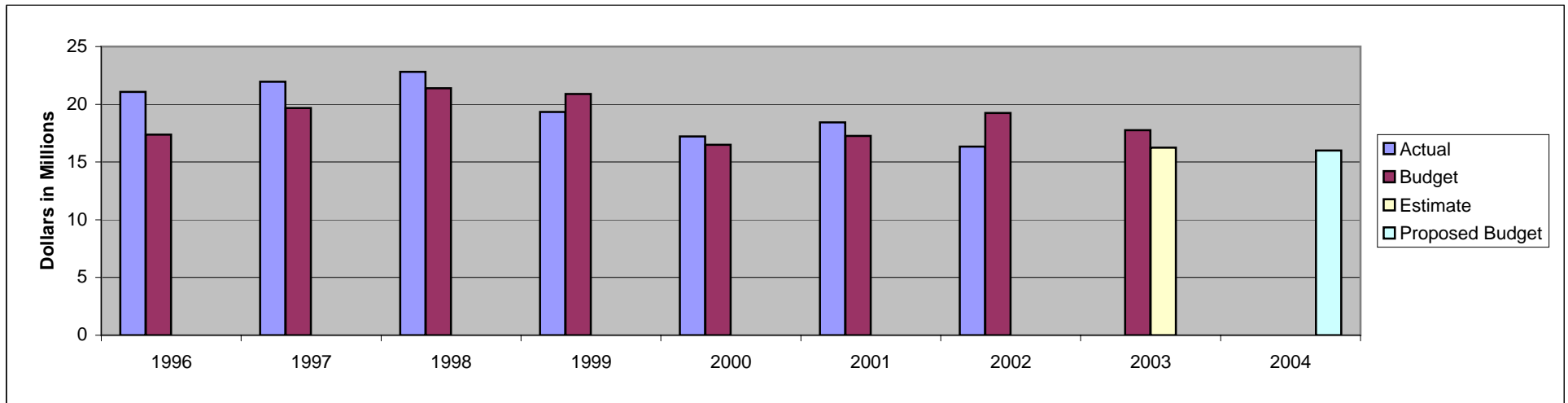
FY 2003 Budget:	104,916,000
FY 2003 Estimate:	104,054,000
FY 2004 Proposed Budget:	116,345,000

The real property tax revenues are computed based on the projected valuation for tax rate purposes of \$19.7 billion and the current tax rates for the nine different classifications of property. The valuation for tax rate purposes is determined by deducting from gross assessed value the real property value exempted and excluded from taxation which includes 50% of the assessed value of real property under appeal by owners.

The revenue estimate is also adjusted for the Circuit Breaker tax credit program. This program, which limits a homeowner's real property tax bill to 3% of their adjusted gross income, reduces anticipated revenue by roughly \$0.351 million in FY 2004.

Revenue Analysis - FY 2004 County Funds

Transient Accommodations Tax (General Fund):



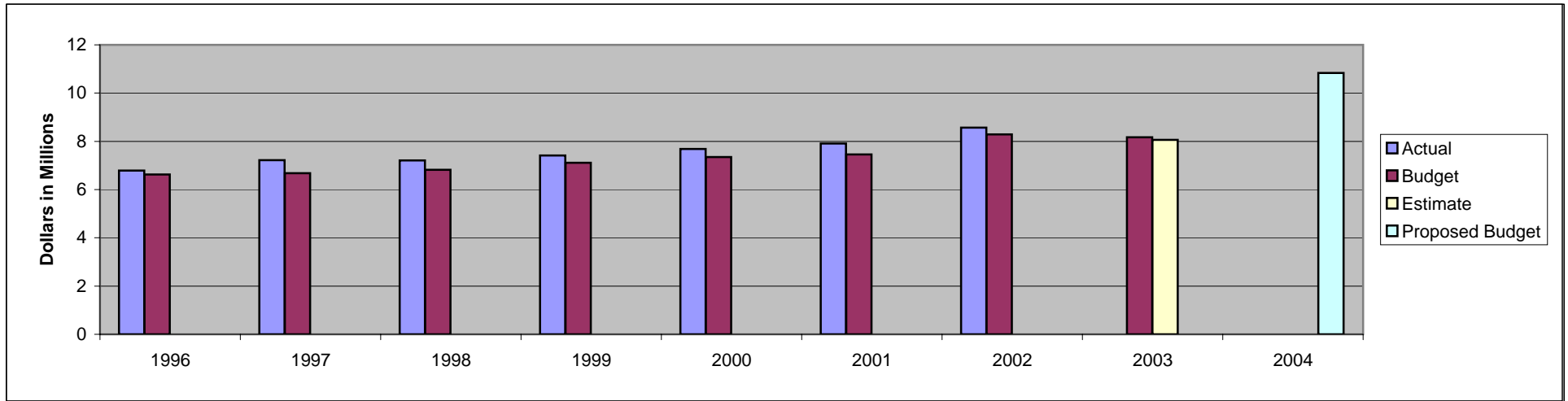
FY 2003 Budget:	17,750,000
FY 2003 Estimate:	16,256,000
FY 2004 Proposed Budget:	16,000,000

Effective January 1, 1999, the 7.25% transient accommodations tax (hotel room tax) collected by the State, is distributed as follows: 1) 55.2% of the revenue is deposited into the State's convention center capital and operations special fund; 2) of the remaining revenues, 44.8% is distributed to the Counties, of which Maui County receives 22.8%.

FY 2004 estimates are projected from FY 2003 mid-year revised estimates. FY 2003 estimates are based on collections for the first six months of the fiscal year.

Revenue Analysis - FY 2004 County Funds

Fuel Tax (Highway Fund):

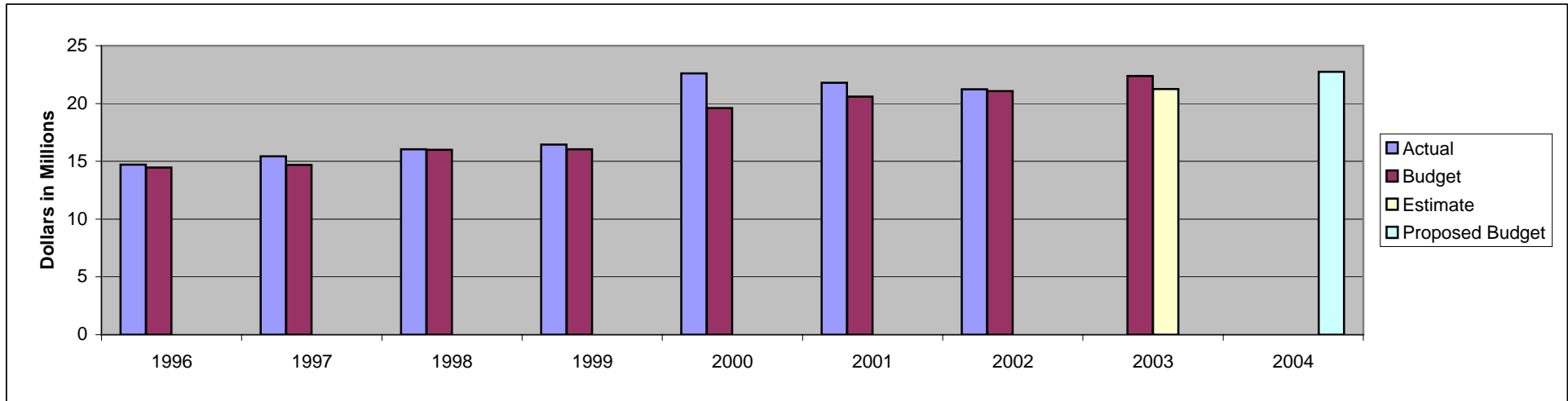


FY 2003 Budget: 8,170,000
 FY 2003 Estimate: 8,060,000
 FY 2004 Proposed Budget: 10,837,000

Historically over the years, collections have grown from a low of 0% to a high of 8.3% per year.

Revenue Analysis - FY 2004 County Funds

Sewer and Cesspool (Sewer Fund):

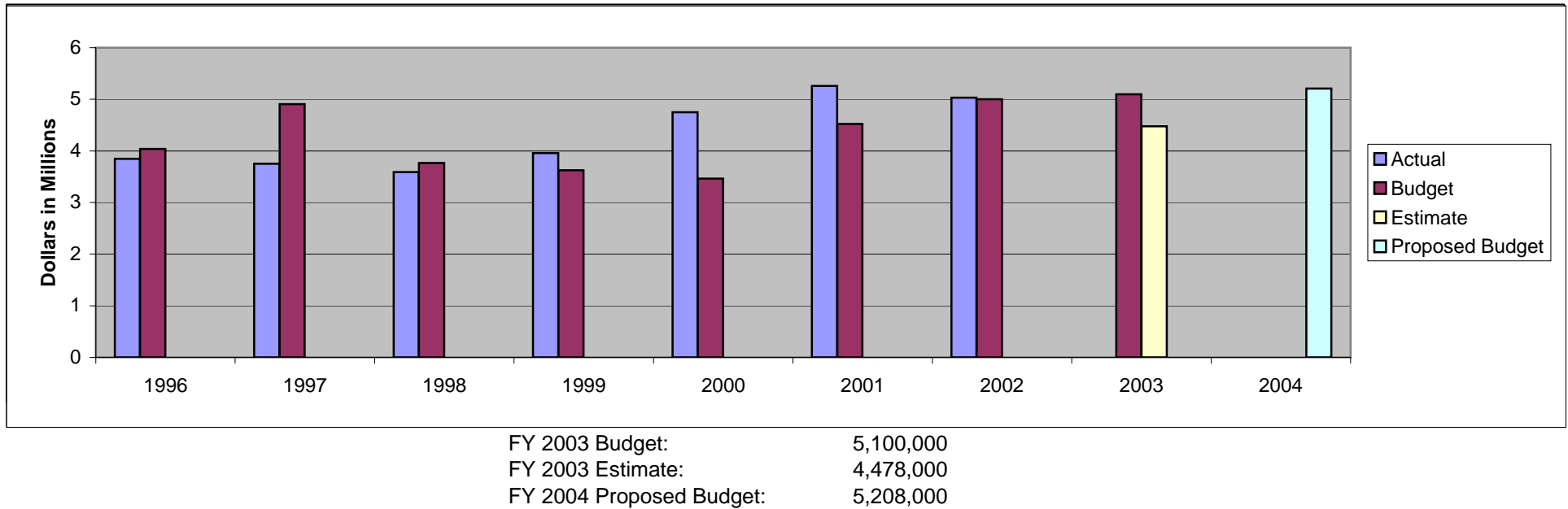


FY 2003 Budget:	22,385,000
FY 2003 Estimate:	21,248,000
FY 2004 Proposed Budget:	22,735,987

Sewer fee revenue is calculated in two parts. Residential revenue is derived through latest estimates of the number of residential units multiplied by the average sewer bill. In addition, 50% of new connections, based on Land Use and Codes projects in review and issued building permits, are added to this projection. Non-residential revenue is derived through previous fiscal year annual water consumption rates plus 50% of anticipated new sewer connections. The FY 2004 also includes proposed rate fee increase that would result in approximately \$2.0 million in additional revenues.

Revenue Analysis - FY 2004 County Funds

Disposal Fee - Landfill (Solid Waste Fund):



Projections for FY 2004 are based on revenue collected for FY 2002 and on half-year collections for FY 2003 through December, 2002.

Carryover Savings

Fund	FY 2002* Actual	FY 2003 Budget	FY 2003** Actual	FY 2004 Proposal
General Fund	\$ 22,103,517	\$ 10,108,895	\$ 7,752,979	\$ 1,703,287
Wastewater Fund	3,502,203	2,337,100	3,382,675	608,575
Highway Fund	1,279,206	1,031,661	(435,156)	0
Solid Waste Fund	1,690,495	269,201	1,060,333	595,000
Golf Fund	301,856	512,529	512,529	289,000
Liquor Fund	961,841	548,783	843,556	542,724
Bikeway Fund	5,136	1,597	(3,663)	0
Water Supply Fund	n/a	n/a	n/a	3,800,000
TOTAL	\$ 29,844,254	\$ 14,809,766	\$ 13,113,253	\$ 7,538,586

For purposes of this analysis, carryover savings represents the unreserved fund balance from the prior fiscal year (June 30) that is available for the current budget year.

Carryover savings provide necessary cash that is a requirement for a sound financial review by bond rating agencies.

*As of June 30, 2001

**As of June 30, 2002 preliminary audit figures

Operating Expenditures**Salaries and Wages, Operations and Equipment**

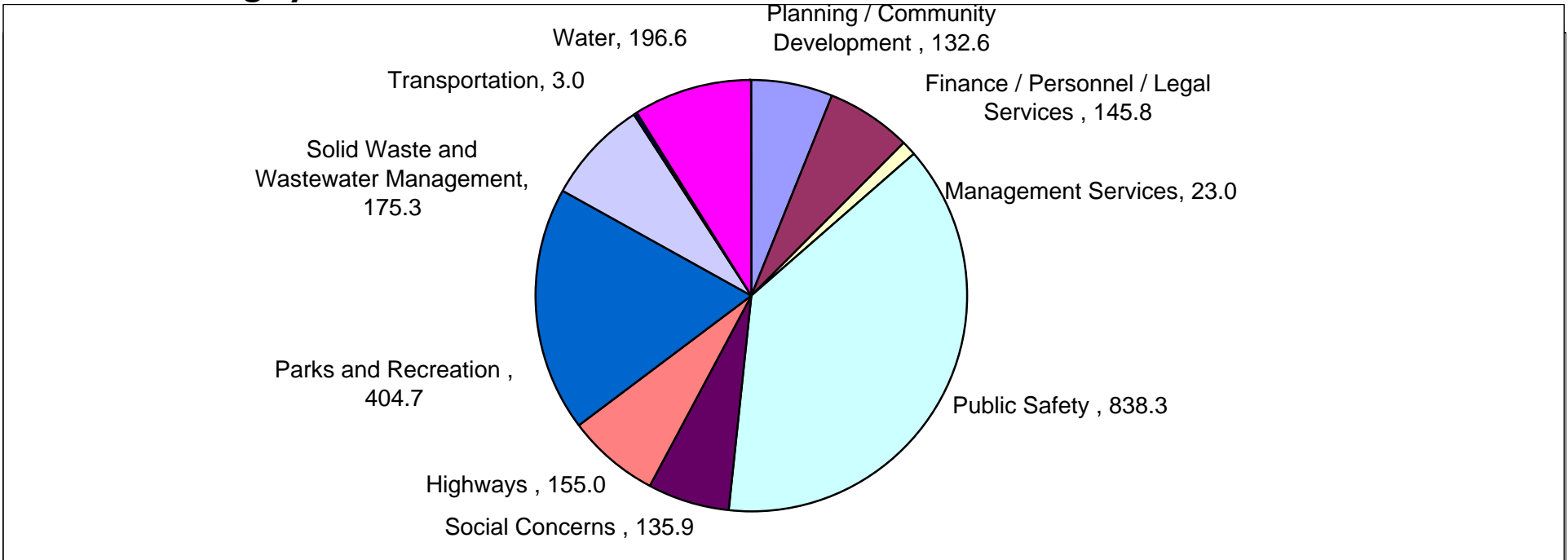
Department	FY 2002 Actual	FY 2003 Budget	FY 2003 Estimate	FY 2004 Proposal
Civil Defense	\$ 235,796	\$ 303,670	\$ 276,340	\$ 315,169
Corporation Counsel	1,502,896	1,517,823	1,441,932	1,592,830
Council Services	3,060,094	3,755,075	3,679,974	4,254,733
County Clerk	483,710	758,458	743,289	601,840
Finance	4,769,040	5,320,696	5,054,661	5,441,042
Finance - Countywide	55,099,221	61,365,109	58,102,489	71,709,929
Fire & Public Safety	13,278,013	16,573,576	15,081,954	15,923,382
Housing and Human Concerns	14,652,317	14,124,528	13,418,302	10,569,689
Liquor Control	1,650,702	2,062,832	2,062,832	2,132,592
Management	2,648,690	3,141,996	3,079,156	2,850,087
Office of the Mayor	7,550,905	8,395,296	8,227,390	7,387,692
Parks and Recreation	18,025,103	19,171,922	18,127,406	19,440,128
Personnel Services	823,166	898,339	853,422	869,244
Planning	2,755,965	2,392,192	2,296,504	2,634,403
Police	24,393,114	26,756,835	24,348,720	27,016,601
Prosecuting Attorney	2,834,648	3,108,934	2,829,130	3,074,828
Public Works & Environmental Mgt	50,138,125	54,573,553	55,369,308	56,069,768
Transportation	n/a	n/a	n/a	4,807,223
Water Supply	n/a	n/a	n/a	34,400,000
TOTAL	\$ 203,901,505	\$ 224,220,834	\$ 214,992,808	\$ 271,091,180

Total does not include Capital Improvement Projects or Grant Revenue.

*The budget for Countywide costs includes insurance, debt service payments, interdepartmental transfers and employee benefits.

FY 02 estimate amounts are an estimate of actual cost at the end of the fiscal year, June 30, 2002.

FY 2004 Staffing by Functional Area



FUNCTIONAL AREA	COUNTY PERSONNEL	GRANT PERSONNEL
Planning / Community Development (Planning, Public Works Engineering and Develop Services Admin)	* 127.6	5.0
Finance / Personnel / Legal Services (Finance, Personnel, Corporation Counsel)	131.8	14.0
Management Services (Management)	23.0	0.0
Public Safety (Police, Fire & Public Safety, Civil Defense, Prosecuting Attorney)	814.8	23.5
Social Concerns (Housing and Human Concerns, Liquor Control)	84.5	51.4
Highways (Public Works Highway Programs)	155.0	0.0
Parks and Recreation (Parks and Recreation, Golf)	404.7	0.0
Solid Waste and Wastewater Management (Public Works Solid Waste Programs and Wastewater Programs)	174.9	0.5
Transportation	3.0	0.0
Water	196.6	0.0
TOTAL EQUIVALENT PERSONNEL **	2,115.9	94.4

* Amount includes Building Permit Revolving Fund personnel

** Equivalent Personnel (E/P) = Full-time equivalents of full- and part-time personnel.

Staff Summary - County Personnel

Department	FY 2001 Actual	FY 2002 Actual	FY 2003 Appropriated	FY 2004 Request
Civil Defense	3.0	4.0	4.0	4.0
Corporation Counsel	22.0	22.0	22.0	22.0
Finance	110.8	108.8	110.8	111.8
Fire & Public Safety	242.0	243.0	284.0	284.0
Housing and Human Concerns	94.8	96.6	104.5	112.9
Liquor Control	20.0	20.0	21.0	23.0
Management	19.0	23.5	24.0 ***	23.0
Parks and Recreation - General	353.3	379.9	384.9	383.9
Parks and Recreation - Golf	20.8	20.8	20.8	20.8
Personnel Services	12.0	12.0	12.0	12.0
Planning	32.0	35.0	37.0	43.0
Police	452.1	466.7	480.9	481.9
Prosecuting Attorney	68.3	69.8	69.8	68.4
Public Works - General (incl. Revolving Fund)	88.3	88.6	90.6	89.6
Highways	150.0	151.0	156.0	155.0
Sewer	104.0	104.0	105.3	106.3
Solid Waste	68.2	71.0	72.0	69.0
Department of Transportation	n/a	n/a	n/a *	3.0
Department of Water Supply	n/a	n/a	n/a **	196.6
TOTAL	1,860.6	1,916.7	1,999.6	2,210.2

* The Department of Transportation was created as a result of the 2002 Charter amendment.

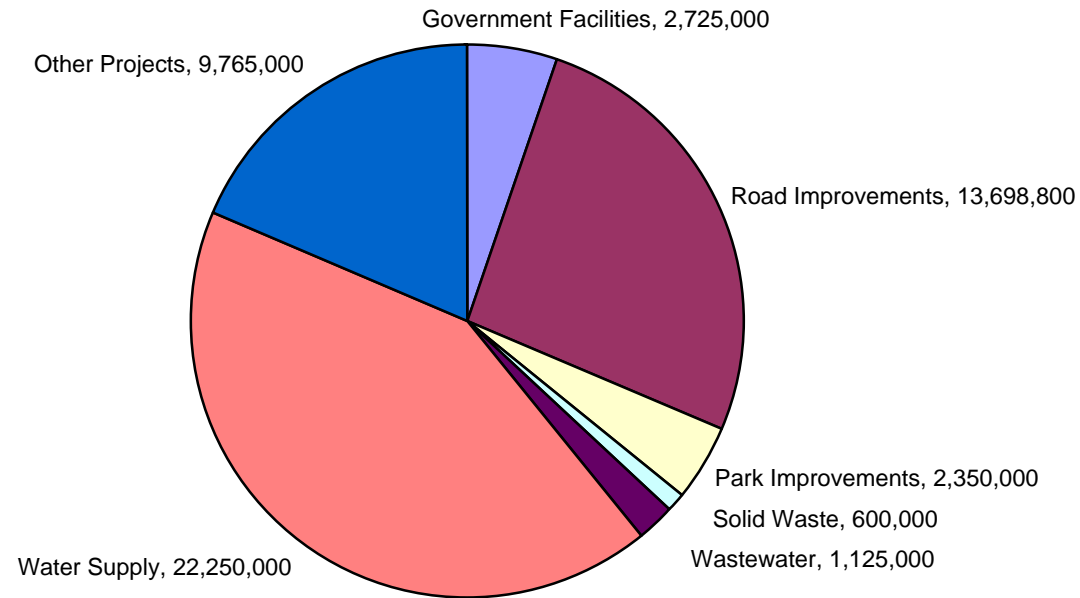
** Prior to the 2002 Charter amendment, the Department of Water Supply was a semi-autonomous component unit.

*** Budget Ordinance allows for a total of 24.0 E/P but only 23.0 are budgeted.

Does not include Council Services, County Clerk and Office of the Mayor. These departments do not report equivalent personnel.

Equivalent Personnel (E/P) = Full time equivalents of full- and part-time personnel.

Project Type Summary



Project Type	Amount
Government Facilities	\$ 2,725,000
Road Improvements	13,698,800
Park Improvements	2,350,000
Solid Waste	600,000
Wastewater	1,125,000
Water Supply	22,250,000
Other Projects	9,765,000
TOTAL	\$ 52,513,800

Total capital improvement request includes \$4,600,000 funding from the Department of Transportation and \$200,000 from CDBG.

Grant Revenue

DEPARTMENT	APPROPRIATION FY 2003	REQUEST FY 2004	GRANTING AGENCY
OPERATING BUDGET			
<u>Civil Defense</u>			
Domestic Equipment Program	\$ 254,000	\$ 622,384	State of Hawaii, Department of Defense
<u>Department of Finance</u>			
State Motor Vehicle Registration	217,123	227,585	Department of Transportation
Periodic Motor Vehicle Inspection	317,612	347,506	Department of Transportation
Commercial Driver License Program	285,922	302,460	Department of Transportation
	<u>820,657</u>	<u>877,551</u>	
<u>Fire Control</u>			
Chevron Training Program	2,000	2,000	Chevron U.S.A.
National Fire Academy Training Grants	10,000	10,000	National Fire Academy
State DLNR Volunteer Rural Community Grant	45,000	50,000	State DLNR
State DOT Highway Safety Grant	20,000	20,000	DOT Highway Safety
Local Emergency Planning Committee	20,000	20,000	HI State Emergency Response Commission
Private Donations	0	1,000	Private Sources
Wellness/Fitness Fire Act Grant	0	125,000	Federal Emergency Management Association
	<u>97,000</u>	<u>228,000</u>	
<u>Department of Housing and Human Concerns</u>			
Grant Management Program	80,000	80,000	Maui Economic Opportunity, Inc.
Home Investment Partnership Program	963,000	963,000	Housing & Urban Development
Komohana Hale Apartments	136,996	141,076	Komohana Hale Apartments
Retired & Senior Volunteer Program	60,402	69,485	Health & Human Concerns
Section 8 Housing	11,645,673	13,373,992	Housing & Urban Development
Title III B Assisted Transportation	159,792	166,780	Executive Office on Aging
Title III B Leisure Program	44,400	57,000	Executive Office on Aging
Title III C-1 Congregate Meals	291,897	318,000	Executive Office on Aging
Title III C-2 Home Delivered Meals	337,244	377,734	Executive Office on Aging
Title III Programs	1,534,204	1,648,456	Executive Office on Aging
Volunteer Center	15,000	15,000	Corporate and Private Donations
Youth Services CCDBG Early Childhood	150,000	150,000	Office of Children and Youth
	<u>\$ 15,418,608</u>	<u>\$ 17,360,523</u>	

Grant Revenue

DEPARTMENT	APPROPRIATION FY 2003	REQUEST FY 2004	GRANTING AGENCY
<u>Office of the Mayor</u>			
Community Devel. Block Grant Program	1,947,000	2,304,000	Housing and Urban Development
County Product Enrichment Program	600,000	200,000	Hawaii Tourism Authority
Iao Theater	200,000	0	Hawaii Tourism Authority
Maui County Tech Ready	500,000	0	Maui Chamber of Commerce
Molokai Youth Opportunity Program	1,639,575	1,639,574	Department of Labor
Workforce Investment Act	1,633,482	2,400,000	Department of Labor
	<u>6,520,057</u>	<u>6,543,574</u>	
<u>Department of Parks & Recreation</u>			
Community Resource & PALS Food Service	150,000	150,000	State Department of Education
Guide to Youth Activities	20,000	20,000	HMSA
Leisure Activities Project	25,000	25,000	HI Community Foundation
Playground Improvements Program	150,000	150,000	Private Foundations
	<u>345,000</u>	<u>345,000</u>	
<u>Department of Planning</u>			
Coastal Zone Management Program	237,233	252,281	Office of State Planning
Historic Preservation Certified Local Gov't	30,509	0	Land and Natural Resources
	<u>267,742</u>	<u>252,281</u>	
<u>Police Department</u>			
911 Emergency Medical	242,900	218,000	Department of Health
Alcohol Deterrent and Intervention Program	1,000	0	Cancer Research Institute - UH
Alcohol Sales to Minor	0	7,000	State Department of Health
Analytical Equipment & Management System	0	400,000	U.S. Department of Justice
Augmented Seatbelt Enforcement	1,000	1,000	State Department of Transportation

Grant Revenue

DEPARTMENT	APPROPRIATION FY 2003	REQUEST FY 2004	GRANTING AGENCY
<u>Police Department (continued)</u>			
Bullet Proof Vest Program	10,000	0	U.S. Department of Justice
Child Passenger Safety Program	21,500	0	State Department of Transportation
Child Passenger Safety Protection Education	1,000	1,000	State Department of Transportation
Clandestine Laboratory Response Team	114,930	1,000	State Attorney General's Office
COPS - SRO/ Drug Court Universal Hiring Prog	225,000	225,000	U.S. Department of Justice
COPS - Technology Program - 800 MHz	1,000	1,000	U.S. Department of Justice
DARE Program	24,450	25,000	State Attorney General's Office/DOE
Data Records	1,000	1,000	State Department of Transportation
Domestic Cannabis Eradication Suppression	177,000	177,000	Drug Enforcement Agency
Domestic Violence Victimless Prosecution Grnt	33,000	1,000	State Attorney General's Office
Electronic Exploitation of Children	0	41,000	U.S. Department of Justice
Gang Resistance Education/Training	35,000	40,000	Federal Alcohol, Tobacco and Firearms
High Intensity Trafficking Area	10,500	215,000	Federal Alcohol, Tobacco and Firearms
Juvenile Accountability Incentive Block Grant	225,995	1,000	U.S. Department of Justice
Juvenile Justice Information System	1,000	1,000	State Attorney General's Office
Local Law Enforcement Block Grant	93,277	1,000	U.S. Department of Justice
Maui Safe Community Program	30,640	31,000	State Department of Transportation
Maui Safe Community Speed Control	21,500	22,000	State Department of Transportation
Monitoring/Youth Gang Response System	44,184	45,000	Office of Youth Services
NIBRS (Nat'l Incident Based Report Program)	400,000	1,000	U.S. Bureau of Justice Statistics
Occupant Protection Program	58,718	59,000	State Department of Transportation
Pedestrian and Bicycle Safety	0	14,000	State Department of Transportation
Public Housing Drug Elimination Program	85,000	1,000	Housing & Urban Dev
Roadblock Enforcement - Youth Deterrence	47,936	48,000	State Department of Transportation
Safe & Drug-Free Schools & Comm. State Grnts	85,718	86,000	State Department of Human Services
Seat Belt Innovative Demonstration Program	0	50,000	State Department of Transportation
Special Enforcement Programs	5,000	1,000	Private Sources
Speed Enforcement	28,250	28,000	State Department of Transportation
State & Federal Assets Forfeiture Program	100,000	100,000	State and Federal Statutes
Statewide Marijuana Eradication Task Force	63,900	63,900	State Attorney General's Office
Statewide Narcotics Task Force Program	52,500	52,500	State Attorney General's Office
Tobacco Sales to Minors Prevention	11,216	11,000	State Department of Health
Traffic Reconstruction Analyst	25,000	1,000	State Department of Transportation
Training Grants - Various	100,000	100,000	State/Federal/Private
	\$ 2,379,114	\$ 2,071,400	

Grant Revenue

DEPARTMENT	APPROPRIATION FY 2003	REQUEST FY 2004	GRANTING AGENCY
<u>Dept. of the Prosecuting Attorney</u>			
Hawaii Career Criminal	342,183	277,296	Grant-in-Aid - State Legislature
Victim/Witness Program	204,833	169,776	Grant-in-Aid - State Legislature
Special Needs Advocacy Project	148,625	181,271	State Attorney General's Office
Asset Forfeiture	50,000	50,000	State Attorney General's Office
Food Stamp Fraud Pros. Program	3,000	3,000	State Department of Human Services
Local Law Enforcement Block Grant	83,969	83,969	U.S. Department of Justice
Domestic Violence Investigations	60,891	65,243	State Attorney General's Office
Defendant/Witness Trial	200,000	200,000	State Department of Human Services
Prosecutors Training	50,000	50,000	State/Federal/Private
	<u>1,143,501</u>	<u>1,080,555</u>	
<u>Dept. of Public Works & Waste Mgt.</u>			
Glass Recovery Program	220,000	316,665	State Department of Health
Control of Nuisance Seaweed on the Beaches of Kihei, Maui County	250,000	250,000	U.S. Environmental Protection Agency
Solid Waste Grants	75,000	75,000	State of Hawaii
Tire Disposal Program	200,000	100,000	State Department of Health
Used Oil Recovery Program	35,000	78,226	State Department of Health
	<u>780,000</u>	<u>819,891</u>	
Additional Revenues Received	<u>500,000</u>	<u>500,000</u>	
<u>CAPITAL IMPROVEMENT BUDGET</u>			
<u>Dept. of Parks and Recreation</u>			
Keopuolani Park Playground	300,000		The Weinberg Foundation
Lahaina Recreation Center Expansion	220,000		National Park Service
Lanai Tennis and Basketball Court Lighting	100,000		National Park Service
Makana Park	190,000		National Park Service
	<u>810,000</u>	<u>0</u>	
<u>Dept. of Public Works & Waste Mgt.</u>			
Highways/Bikeways	<u>23,760,000</u>	<u>4,000,000</u>	Department of Transportation
TOTAL GRANT REVENUE	\$ <u>53,095,679</u>	\$ <u>34,701,159</u>	

Debt Policies

1. Debt issuance shall be constrained, such that the County debt service does not exceed 12% of total operating expenditures or 10 % of total general expenditures.

This recommendation ensures that the cost of total County debt relative total County revenues will be maintained at an affordable level.

2. Projects to be bonded with G.O. debt shall be categorized, analyzed and prioritized.

Since the G.O. bonding capacity is limited, it is allocated to the most appropriate capital projects. The allocation procedure is an efficient and equitable funding of prioritized needs, according to a standardized procedure. The administration currently has a budget review committee that evaluates and makes recommendations on operating and CIP budgets.

The CIP policies include an evaluation of project funding priorities. Besides evaluating projects, formal policies are prepared to evaluate funding sources which include: grants, general obligation bonds, revenue bonds, loans, leases, assessments, fees and taxes.

3. Minor Capital Improvement (MCI) projects should be funded from pay-as-you-go revenue.

The shorter life projects generally comprising MCI programs (less than 10 years) should not be bond financed. Examples are repairs, roof maintenance, resurfacing pot holes, etc. The matching principal requires short-term investments to be financed with short-term debt.

CIP committees reviewing projects should be careful to extract short-term expenditures from projects that are financed.

4. The Director of Finance shall perform an annual debt policy review to validate debt capacity projections, and to provide a recommended level of new tax-supported debt authorization.

The recommendations are contained in an abbreviated Debt Affordability Recommendation which is updated annually. The director generates necessary quantitative analysis. Enterprise and special revenue fund debt is integrated into and is subject to a review process. In addition, the director is responsible for the continued integration and oversight of County debt related matters.

The Mayor's Office provides an independent and objective review of all major revenue and expenditure forecasts. This provides additional credibility to the debt management process.

The Director of Finance reviews capital financing alternatives in recommending a coherent public financing policy.

The Director of Finance reviews peer credit ratios for debt policy adjustments.

Debt Status

Debt Administration:

As of June 30, 2002, the County of Maui had eleven general obligation bond issues, along with nine State Revolving Fund (SRF) loans outstanding totaling \$233.5 million. Total debt service for these issues over the next 20 years amounts to \$329.6 million.

During FY 2002, \$54.88 million in general obligation bonds were issued, which included the refunding of \$28.23 million in debt.

Schedule of Long Term Debt - June 30, 2002 (See note 1):

General Obligation Bonds		
Date of Issue	Original Issue	Outstanding Principal
September 1, 1982	\$ 1,500,000	\$ 930,000
September 1, 1992	2,600,627	1,414,286
April 15, 1993	95,830,000	51,942,919
December 15, 1994	19,695,000	13,985,000
June 15, 1997	17,750,000	15,560,000
May 1, 1998	39,285,000	35,005,000
May 1, 1998	4,255,000	3,620,000
May 1, 1999	11,600,000	11,175,000
May 15, 2001	23,485,000	22,515,000
September 1, 2001	29,880,000	28,775,000
May 1, 2002	25,000,000	25,000,000
<u>State Revolving Fund Loans</u>		<u>Outstanding Loan Amount</u>
92SRF LAH DES 54-04		\$ 275,722
93SRF WAI/KAH 52-14		3,173,010
95SRF LAH CON 54-05		4,919,337
96SRF LAH P#3 54-07		2,036,292
96SRF KIH IIB 77-06		7,000,685
96SRF KIH RCD 77-09		2,722,611
98SRF LAH P17 54-17		513,886
01SRF KUHUA C 54-14		1,666,573
02SRF LAH SLD 54-20		1,255,167

Legal Debt Margin as of June 30, 2002:

The Constitution of the State of Hawaii sets the limit of the County at 15% of the net taxable assessed valuation of real property in the County of Maui. The assessment roll for the fiscal year ending June 30, 2002 was at \$16.7 billion giving the County a legal debt margin of approximately \$2.5 billion.

Note 1:

Due to the charter amendment concerning the Department of Water Supply that was passed in the November 2002 election, the general obligation debt and the notes payable of the Department of Water Supply are presented as of June 30, 2002 for informational purposes. These debt instruments will continue to be paid from Water Supply Fund revenues.

General Obligation Bonds		Outstanding Principal @
Date of Issue	Original Issue	June 30, 2002
September 1, 2002	1,614,173	350,714
April 15, 1993	8,445,000	3,972,081
December 15, 1993	35,785,000	23,555,000
August 1, 1998	11,760,000	10,440,000
		Balance @ June 30, 2002 (Prin/Int/Fees)
Note Payable to Municipal Services Group, Inc.		2,399,309
SRF DW213-0001		7,166,103

Debt Status

Schedule of Debt Service Requirements to Maturity for General Long-term Debt at June 30, 2002

<u>Fiscal Year</u>	<u>Bonds Outstanding</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Required</u>
2003	\$ 233,485,488	\$ 13,593,016	\$ 10,816,260	\$ 24,409,276
2004	219,892,472	14,202,562	10,394,192	24,596,754
2005	205,689,910	15,808,972	9,749,251	25,558,223
2006	189,880,938	16,569,322	9,014,914	25,584,236
2007	173,311,616	17,349,256	8,240,073	25,589,329
2008	155,962,360	16,941,891	7,448,031	24,389,922
2009	139,020,469	15,544,578	6,692,245	22,236,823
2010	123,475,891	14,430,062	6,007,247	20,437,309
2011	109,045,829	15,103,658	5,326,852	20,430,510
2012	93,942,171	12,052,475	4,668,919	16,721,394
2013	81,889,696	12,596,708	4,105,207	16,701,915
2014	69,292,988	12,209,993	3,469,446	15,679,439
2015	57,082,995	10,865,643	2,911,844	13,777,487
Thereafter	46,217,352	46,217,352	7,268,440	53,485,792
TOTAL		\$ 233,485,488	\$ 96,112,921	\$ 329,598,409

